



CITY COUNCIL AGENDA ITEM

January 2, 2013

To: Brian Kischnick, City Manager

From: Susan A. Leirstein, Purchasing Director
Timothy L. Richnak, Public Works Director

Subject: Rescind Bid Award / Re-award Contract – Liquid Calcium Chloride

Background

On December 3, 2012, Troy City Council approved a one-year contract to provide liquid calcium chloride with an option to renew for one (1) additional year to the lowest bidder meeting specifications, Great Lakes Chloride, Inc (Resolution #2012-12-214-J4a). On December 19, 2012, Great Lakes Chloride, Inc advised the City's Risk Manager, Stephen Cooperrider, they could not provide the insurance coverage for the annual contract aggregate limit as specified. Since this occurred after the award by City Council, Great Lakes Chloride is considered in breach of contract and has received a written notification of default and remedies for reinstatement as a potential vendor after three (3) years.

After a review of the bid results to determine the next lowest bidder, it is in the City's best interest to re-award the contract to Liquid Calcium Chloride Sales of Kawkawlin, MI. Liquid Calcium Chloride Sales was contacted and verified they would honor the pricing as originally quoted and has the required insurance on file with the City.

Recommendation

City management recommends Troy City Council rescind with prejudice the contract approved on December 3, 2012, to Great Lakes Chloride for liquid calcium chloride (Resolution #2012-12-214-J4a) and re-award the contract to the next lowest bidder, Liquid Calcium Chloride Sales at unit pricing as contained on the bid tabulation opened November 21, 2012.

Fund Availability

Funds are available in the various departmental operating budgets of the Public Works division.

Opening Date -- 11/21/12
Date Reviewed -- 11/28/12

CITY OF TROY
BID TABULATION
LIQUID CALCIUM CHLORIDE

ITB-COT 12-25
Page 1 of 1

VENDOR NAME:

Rescind Award	Re-award	
Great Lakes	Liquid Calcium	IPAX Cleanogel
Chloride Inc	Chloride Sales	Inc

PROPOSAL: One Year Requirements of Liquid Calcium Chloride with an Option to Renew for One Additional Year

EST QTY	DESCRIPTION	PRICE/ GALLON	PRICE/ GALLON	PRICE/ GALLON	
OPTION A: 38%					
24,000 GALS	Bidder to deliver to storage tank at 4693 Rochester Rd for dust control Minimum order 3,000 gallons	0.616	0.623 w/terms (.617)	8.14	
OPTION B: 32%					
20,000 GALS	Bidder to deliver to storage tank at 4693 Rochester Rd for snow & ice control Minimum order 2,000 gallons	0.56	0.643 w/terms (.637)	7.13	
ESTIMATED TOTAL COST:		\$ 25,984.00	\$ 27,812.00	\$ 337,960.00	
ESTIMATED TOTAL AWARDED ITEMS:			\$ 27,812.00		
CONTACT INFORMATION:		Hours	7:30 - 4:30 M-F	6 am - 10 pm	8 am - 5 pm M-F
		24 Hr Phone No.	574-549-2441	989-684-5860	248-739-1573
INSURANCE:		Can Meet	x	x	x
		Cannot Meet			
DELIVERY:		As Specified			
PAYMENT TERMS:		Net 30 days	Net 30, 1% disc 10 days	Net 30 days	
EXCEPTIONS:		Blank	Tiered pricing: 38% material:	None	
			4000 gal - .57		
			5000 gal - .539		
			6000-9000 gal - .519		
			32% material:		
			3000 gal - .539		
			4000 gal - .489		
			5000 gal - .457		
			6000-9000 gal - .436		
ACKNOWLEDGEMENT:		Signed: Y or N	Yes	Yes	Yes

DMS:

Road Maintenance Corp - Reason: Product bid not as specified.

HIGHLIGHTED AREAS DENOTES LOWEST ACCEPTABLE BIDDER

ATTEST:

Emily Frontera
Susan Riesterer
Susan Leirstein

Susan Leirstein CPPO CPPB
Purchasing Director

From: [Susan A Leirstein](#)
To: ["dbudd@glchloride.com"; "mwinger@glchloride.com"](#)
Subject: City of Troy - ITB-COT 12-25, Liquid Calcium Chloride
Date: Monday, December 31, 2012 1:01:10 PM
Attachments: [Notice of Default - GreatLakesChlorideInsurance12.12.pdf](#)
Importance: High

Dave and Matt,

I have received your letter of explanation dated December 27, 2012. Unfortunately, once bid requirements are established and bidders that participated in the process can provide the requirements as specified, I have no recourse but to hold your company in default. See Notice of Default attached..... I am available to answer any questions you may have as it relates to this process.

Sincerely,

Susan Leirstein CPPO CPPB
Purchasing Director

City of Troy
500 W Big Beaver Road
Troy MI 48084
248.524.3338
email: Leirsteisa@troymi.gov



December 31, 2012

**Notice of Default
ITB-COT 12-25
Liquid Calcium Chloride**

Mr. David Budd
Great Lakes Chloride Inc
6001 Marsh Road
Shelbyville, MI 49344

Dear Mr. David Budd,

Please be advised that on Monday, December 3, 2012, Troy City Council awarded a contract to provide one-year requirements of Liquid Calcium Chloride with an option to renew for one (1) additional year to your company, Great Lakes Chloride, Inc, which is contingent upon submission of acceptable insurance certificates as specified in the bid documents for ITB-COT 12-25. After numerous attempts to clear your insurance by the City's Risk Manager, Mr. Stephen Cooperrider, the company's Senior VP, Matt Winger has indicated that Great Lakes Chloride cannot meet the insurance requirements; specifically, the annual contract aggregate limit. As stated on Page 2 of 4 - **INSURANCE** in the bid documents:

Final Insurance Certificate Submission:

After approval by Troy City Council, the City of Troy will provide verbal / electronic notification to submit within 5 days an insurance certificate in accordance with specifications. **If not received, the company will be considered in default of contract and will be barred from doing business with the City of Troy for a minimum of three (3) years for failing to meet insurance requirements..... (See Sample Certificate Attached)**

Due to the default, the following steps are required to be taken by your company, if your company chooses to be an active bidder for the City of Troy:

1. After three (3) years have expired (after December 29, 2015), your company will be eligible for reconsideration as an active bidder for City of Troy. Liquidated damages will be assessed against your company and shall consist of the difference between the amount quoted in the defaulted contract(s) and the next awarded bidder, plus 6% compounded annually.
2. A written request by Great Lakes Chloride, Inc is to be provided requesting reconsideration as a bidder for the City of Troy. The statement must be provided by an authorized representative of your company that confirms management will stand behind the integrity of bids and proposals submitted to the City of Troy. The statement is to be signed by senior management of Great Lakes Chloride.
3. A performance surety in the form of cash, certified check, cashier's check, or money order will be required to be posted for any bid submissions by your company. The performance surety shall be provided in the total amount budgeted for the pending contract. The performance surety shall be in addition to a bid deposit, if there is a deposit to be submitted at the time of bid/proposal submission. The performance surety will be returned if all the contract requirements are **successfully completed**.

If you have any questions, please call the Purchasing Department at (248) 524-3338.

Sincerely,

Susan Leirstein CPPO, CPPB
Purchasing Director

CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YY)
<div>PRODUCER</div> <div>Complete</div> <div>Sample Certificate</div>		<div>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</div> <div>INSURERS AFFORDING COVERAGE</div>
<div>INSURED</div> <div>Complete</div>		<div>INSURER A: XYZ Company</div> <div>INSURER B: ABC Company</div> <div>INSURER C:</div> <div>INSURER D:</div> <div>INSURER E:</div>

COVERAGES

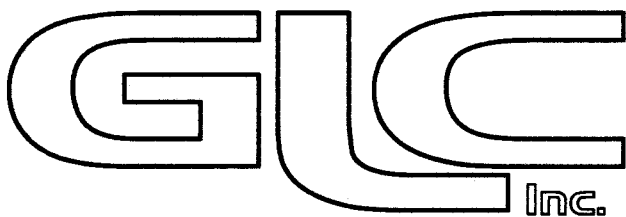
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	<div>GENERAL LIABILITY</div> <div><div><div><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY</div><div><input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR</div><div><input checked="" type="checkbox"/> Additional Insured- City of Troy - use wording below</div><div><input checked="" type="checkbox"/> See below</div></div><div>GEN'L AGGREGATE LIMIT APPLIES PER:</div><div><input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC</div></div>	0001	XX-XX-XX	XX-XX-XX	<div>EACH OCCURRENCE</div> <div>FIRE DAMAGE (Any one fire)</div> <div>MED EXP (Any one person)</div> <div>PERSONAL & ADV INJURY</div> <div>GENERAL AGGREGATE</div> <div>PRODUCTS - COMP/OP AGG.</div>	<div>\$ 1,000,000</div> <div>\$</div> <div>\$</div> <div>\$ 1,000,000</div> <div>\$ 1,000,000</div> <div>\$ 1,000,000</div>
A	<div>AUTOMOBILE LIABILITY</div> <div><div><input checked="" type="checkbox"/> ANY AUTO</div><div><input type="checkbox"/> ALL OWNED AUTOS</div><div><input type="checkbox"/> SCHEDULED AUTOS</div><div><input checked="" type="checkbox"/> HIRED AUTOS</div><div><input checked="" type="checkbox"/> NON-OWNED AUTOS</div></div>	0002	XX-XX-XX	XX-XX-XX	<div>COMBINED SINGLE LIMIT (Ea accident)</div> <div>BODILY INJURY (Per person)</div> <div>BODILY INJURY (Per accident)</div> <div>PROPERTY DAMAGE (Per accident)</div>	<div>\$ 500,000</div> <div>\$</div> <div>\$</div> <div>\$</div>
	<div>GARAGE LIABILITY</div> <div><div><input type="checkbox"/> ANY AUTO</div></div>				<div>AUTO ONLY - EA ACCIDENT</div> <div>OTHER THAN EA ACC</div> <div>AUTO ONLY: AGG</div>	<div>\$</div> <div>\$</div> <div>\$</div>
A	<div>EXCESS LIABILITY</div> <div><div><input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE</div><div><input type="checkbox"/> DEDUCTIBLE</div><div><input type="checkbox"/> RETENTION \$</div></div>	0003			<div>EACH OCCURRENCE</div> <div>AGGREGATE</div> <div></div> <div></div> <div></div>	<div>\$ 1,000,000</div> <div>\$ 1,000,000</div> <div>\$</div> <div>\$</div> <div>\$</div>
B	<div>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</div>	0004	XX-XX-XX	XX-XX-XX	<div><div><div>WC STATU-TORY LIMITS</div><div></div></div><div>OTHER</div></div> <div>E.L. EACH ACCIDENT</div> <div>E.L. DISEASE - EA EMPLOYEE</div> <div>E.L. DISEASE - POLICY LIMIT</div>	<div></div> <div>\$ 100,000</div> <div>\$ 100,000</div> <div>\$ 500,000</div>
	<div>OTHER</div>					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Additional Insured: City of Troy including Architects and Engineers, all elected and appointed officials, all employees and volunteers, boards, commissions and/or authorities and their board members, employees, and volunteers additional insured on ISO form B or broader.

CERTIFICATE HOLDER	Y	ADDITIONAL INSURED: INSURER LETTER <u>A</u>	CANCELLATION
<div>City of Troy</div> <div>500 W. Big Beaver Rd.</div> <div>Troy, MI 48084</div>			<div>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.</div>
			<div>AUTHORIZED REPRESENTATIVE</div>



Office: 574-267-2286 • Fax: 574-267-2235
Dispatch: 260-982-2175 • Fax: 260-982-7509

Great Lakes Chloride, Inc. • 895 E 200N • Warsaw, IN 46582

LIQUIDOW™ Calcium Chloride • Road Stabilization • Dust Control • Concrete Accelerator • Calcium Chloride with BOOST™

December 27, 2012

Susan Lierstein, Purchasing Director
City of Troy
500 West Big Beaver Road
Troy, MI 48084

It has been brought to our attention that our standard certificate of liability insurance (C of I) does not exactly match the City of Troy's requirements for ITB 12-25 Liquid Calcium Chloride. Great Lakes Chloride (GLC) has supplied this C of I to cities, counties and state agencies in four states without incident. Additionally, within the last year, GLC has increased its umbrella liability to \$5,000,000. Our insurance provider has been in contact with the city in an attempt to work out a compromise. However, to date, no middle ground has been found.

It is still our desire to be your calcium chloride supplier. Please let me know if there is anything further that can be done.

Sincerely,

A handwritten signature in black ink that reads 'Matt Winger'. The signature is written in a cursive, flowing style.

Matt Winger
Senior VP
Great Lakes Chloride, Inc.

- a) Special City Council Meeting – November 21, 2012
- b) Regular City Council Meeting – November 26, 2012

J-3 No Proposed City of Troy Proclamations:

J-4 Standard Purchasing Resolutions:

- a) **Standard Purchasing Resolution 2: Award to Low Bidder Meeting Specifications – Liquid Calcium Chloride**

Resolution #2012-12-214-J-4a

RESOLVED, That Troy City Council hereby **AWARDS** a contract to provide one (1) year requirements of liquid calcium chloride with an option to renew for one (1) additional year to the lowest bidder meeting specifications, Great Lakes Chloride Inc, of Shelbyville, MI, for both proposals A) and B) – at unit prices contained in the bid tabulation opened November 21, 2012 a copy of which shall be **ATTACHED** to the original Minutes of this meeting expiring November 30, 2013.



CITY COUNCIL AGENDA ITEM

November 28, 2012

To: Brian Kischnick, City Manager

From: Susan A. Leirstein, Purchasing Director
Timothy L. Richnak, Public Works Director

Subject: Standard Purchasing Resolution 2: Award to Low Bidder Meeting Specifications –
Liquid Calcium Chloride

Background

On November 21, 2012, bids were received and opened to provide one (1) year requirements of Liquid Calcium Chloride with an option to renew for one additional year. 124 vendors were notified of the bid opportunity via the MITN website. Four (4) bids were received. Road Maintenance Corp of Leonard, MI, submitted a bid that was rejected because their alternate product could not meet the minimum percentage of Calcium Chloride at 32% for ice control as specified.

The tiered pricing submitted by Liquid Calcium Chloride Sales could not be considered for award as the storage tank holds a maximum of 6,000 gallons and typical orders average between 2,000 and 3,000 gallons.

Calcium chloride is used for snow and ice control on all city and county roads to increase the effectiveness of the salt at low temperatures. It is also used on the City's approximate 4 miles of gravel roads for dust control.

Recommendation

City management recommends awarding a one (1) year contract to provide liquid calcium chloride with an option to renew for one additional year to Great Lakes Chloride Inc., of Shelbyville, MI, the lowest bidder meeting specifications, for an estimated total cost of \$25,984.00 at unit prices contained in the bid tabulation opened November 21, 2012.

<u>PROPOSAL</u>	<u>ESTIMATED QUANTITY/Gallons</u>	<u>PRICE/Gallon</u>
Option A		
38% Liquid Calcium Chloride for Dust Control	24,000	\$.616
Delivered to storage tank		
Option B		
32% Liquid Calcium Chloride for Snow & Ice Control	20,000	\$.56
Delivered to storage tank		

<u>Estimated Total Cost</u>	<u>\$25,984.00</u>
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Fund Availability

Funds are available in the Operating Budgets of the Public Works Streets Division.

Opening Date -- 11/21/12
Date Reviewed -- 11/28/12

CITY OF TROY
BID TABULATION
LIQUID CALCIUM CHLORIDE

ITB-COT 12-25
Page 1 of 1

VENDOR NAME:

Great Lakes
Chloride Inc

Liquid Calcium
Chloride Sales

IPAX Cleanogel
Inc

PROPOSAL: One Year Requirements of Liquid Calcium Chloride with an Option to Renew for One Additional Year

EST QTY	DESCRIPTION	PRICE/ GALLON	PRICE/ GALLON	PRICE/ GALLON	
OPTION A: 38%					
24,000 GALS	Bidder to deliver to storage tank at 4693 Rochester Rd for dust control Minimum order 3,000 gallons	0.616	0.623 w/terms (.617)	8.14	
OPTION B: 32%					
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ESTIMATED TOTAL COST:		\$ 25,984.00	\$ 27,812.00	\$ 337,960.00	
ESTIMATED TOTAL AWARDED ITEMS:		\$ 25,984.00			
CONTACT INFORMATION:					
	Hours	7:30 - 4:30 M-F	6 am - 10 pm	8 am - 5 pm M-F	
	24 Hr Phone No.	574-549-2441	989-684-5860	248-739-1573	
INSURANCE:					
	Can Meet	x	x	x	
	Cannot Meet				
DELIVERY:		As Specified			
PAYMENT TERMS:		Net 30 days	Net 30, 1% disc 10 days	Net 30 days	
EXCEPTIONS:		Blank	Tiered pricing: 38% material:	None	
			4000 gal - .57		
			5000 gal - .539		
			6000-9000 gal - .519		
			32% material:		
			3000 gal - .539		
			4000 gal - .489		
			5000 gal - .457		
			6000-9000 gal - .436		
ACKNOWLEDGEMENT:		Signed: Y or N	Yes	Yes	Yes

DMS:

Road Maintenance Corp - Reason: Product bid not as specified.

HIGHLIGHTED AREAS DENOTES LOWEST ACCEPTABLE BIDDER

ATTEST:

Emily Frontera
Susan Riesterer
Susan Leirstein

Susan Leirstein CPPO CPPB
Purchasing Director